

**PREFILED REBUTTAL TESTIMONY OF
CHRISTOPHER P.N. WOODCOCK**

Q: Are you the same Christopher Woodcock that prefiled testimony on behalf of Woonsocket Water in this docket?

A: Yes I am.

Q: What is the purpose of your rebuttal testimony?

A: I would like to update some of the information that was contained in the original testimony and respond to some of the issues that were raised by Mr. Bell in his prefiled testimony in this docket.

Q: Please discuss the corrections or updates.

A: After the discovery process we found that some of the values that were provided in the original filing needed to be corrected or updated. In addition, we agreed to drop several items that were deemed to be inappropriate for the expedited filing.

Q: What items did Woonsocket agree to drop after the original filing?

A: The items that were dropped after the original filing included increases in telephone, education and training, printing & reproduction, clothing allowances, and city service charges. In total these items represent a reduction of \$21,240 from our original request. While we believe that these expenses are expected and in one case in the union contract, we agreed to drop them and try to live with the revenue shortfall or make it up through the 1.5% operating reserve the Commission typically allows.

Q: What have you updated since the original filing?

A: During the course of discovery and the time that passed since March, we found that there were items that were incorrect or that updated values were available. These included the following:

- Maintenance of Roads & Walks: In the filing, our rate year values were based on 5 months of information for FY 03 (the year prior to the rate year). Per the dis-

1 covery in Division 1-32 the annual costs are actually \$150,686 or some \$40,000
2 more than originally requested for the rate year. We have adjusted this item to
3 that value. (This adjustment was NOT in The Division's recommendations.)

- 4 – The sewer assessment was based on one quarter's bill in FY 03. We now have
5 additional charges under the new sewer rates that were reported to the Division
6 and we agree with the adjustment made by The Division.
- 7 – We have very recently obtained new insurance quotations from the City's Fi-
8 nance Director and have updated these for the rate year rather than using the es-
9 timates that had previously been provided. The Division did NOT have these
10 available when Mr. Bell prepared his testimony and recommendations.
- 11 – We have also analyzed the miscellaneous revenues first reported and have up-
12 dated these. The effect of this adjustment is to increase the miscellaneous reve-
13 nues and thus decrease the amount that needs to be raised through rates and
14 charges.
- 15 – We have also updated the estimated rate case expenses. While we do not agree
16 with the Division's spreading these over five years – we believe the three-year
17 period is more appropriate – the impact of the adjusted total cost is to retain this
18 line item at the amount approved by the Commission in the prior docket.

19
20 Q: The Division has presented several items that he has recommended the Commis-
21 sion adjust. Can you review those and state your position?

22 A: The Division's proposed adjustments and our position on each are as follow:

- 23 – Labor: The Division has recommended a reduction in labor and related costs (JB-
24 2). We disagree with these.
- 25 – Postage: The Division recommends recovery of \$3517 in rate case notification
26 postage from the restricted rate case account (JB-3). We agree with this.
- 27 – Sewer Assessment: The Division has recommended an adjustment based on $\frac{3}{4}$
28 of a year's bills (JB-4). We agree with this.
- 29 – Insurance: The Division has recommended funding only at last year's (FY 2003)
30 level (JB-5). We disagree with this.

- 1 – Rate Case Expenses: The Division has estimated lower overall costs and recommended recovery over 5 years (JB-6). In part agree and in part disagree.
- 2
- 3 – Debt Service: The Division has recommended that the recent RICWFA bonds be excluded from debt and put in IFR (JB-7). We accept moving the debt on these
- 4 bonds to IFR but not the reduction in IFR expenses.
- 5
- 6 – Present Revenues: The Division has projected higher retail use and thus higher revenues under the current rates (JB-8). We disagree with this.
- 7
- 8 – Light & Power: The Division recommends the use of the test year amount. While we doubt there will be no increase in the rate year, it is not known or measurable,
- 9 thus we reluctantly accept this adjustment.
- 10
- 11 – Operating Reserve: The Division has recommended that this be reduced to 1%. We strongly disagree.
- 12

13 In summary there are 9 adjustments. We agree with three of these, disagree with
 14 four, and are in partial agreement on the others. I should also note that we are also
 15 in disagreement about the amount of IFR funding that should be provided, and as I
 16 mentioned earlier, we have included additional miscellaneous revenues. A summary
 17 of expense positions is shown below

<u>Item</u>	<u>WWD Filed</u>	<u>Division</u>	<u>WWD Rebut</u>
Labor	\$1,079,581	\$1,033,773	\$1,079,581
Postage	\$15,216	\$11,699	\$11,699
Sewer Assessment	\$158,360	\$111,254	\$111,254
Insurance	\$568,225	\$494,109	\$537,784
Rate Case Expense	\$20,000	\$15,103	\$20,000
Debt Service	\$912,688	\$762,688	\$762,688
Light & Power	\$221,394	\$202,331	\$202,331
IFR	\$825,000	\$825,000	\$1,150,000
Operating Reserve	<u>\$83,125</u>	<u>\$51,951</u>	<u>\$85,531</u>
Total	\$3,883,589	\$3,507,908	\$3,960,867
Total Requirements	\$5,624,767	\$5,247,020	\$5,702,045
Less Misc	<u>(\$162,526)</u>	<u>(\$162,526)</u>	<u>(\$176,890)</u>
Net Required	\$5,462,241	\$5,084,494	\$5,525,155

18

19 Q: Please explain your position on the labor items.

1 A: Woonsocket has contracts with its employees that cover its salary costs and related
2 expenses. While these were provided to the Division to support our claim, the con-
3 tracts are rather complicated or confusing, particular given upgrades to positions. It
4 is certainly understandable that the Division could take the position it did. However,
5 the salary levels we propose for the rate year are the salaries that are now in place
6 and represent the current salaries of the Woonsocket Water employees. I believe
7 we have provided the Division with substantiation of this claim. In any case, the
8 recommended adjustment by the Division would bring the labor costs to below the
9 actual existing labor costs that based on the current labor contract. The amount we
10 have presented is not only known and measurable – it is in place!

11
12 Q: Is Woonsocket proposing an increase in employees?

13 A: No it is not.

14
15 Q: Can you explain your position on insurance costs?

16 A: The Division has recommended insurance items only be funded at last year's levels.
17 We have just recently obtained new insurance information for the current year (at-
18 tached). This is now known and measurable and in place, so we ask that these ad-
19 justed amounts be allowed by the Commission.

20
21 Q: Please address the differences on rate case expenses.

22 A: As discussed in our prefiled testimony, Woonsocket has a restricted account to pay
23 its rate case expenses. We have simply asked that it continue to be funded at the
24 currently authorized level. The Division has estimated the total costs of this case
25 and we are not in substantial disagreement with his estimate. However, The Divi-
26 sion has recommended amortizing this over 5 years resulting in a reduction to the
27 funding of this restricted account from \$20,000 per year to \$15,000 per year. (He
28 has also recommended paying the postage for the rate case notification from this
29 restricted account and we agree with this.) While Woonsocket has not been before
30 the Commission frequently as some other water utilities in Rhode Island, we expect

1 this to change. Woonsocket has just sold bonds with the RICWFA. This has re-
2 sulted in debt service for the rate year of \$150,000. However, the first year debt
3 was kept down by capitalizing some interest costs. The annual debt on these
4 bonds will increase from \$150,000 to more than \$700,000 by FY 2006. The City
5 has entered into a bond resolution pledging to do all it can to ensure sufficient reve-
6 nues in the Water Department. Woonsocket will have to file for a rate increase in a
7 rather short period of time in order to have rates in place to pay the increased debt
8 service in FY 2006. Given the City's pledge on these bonds, a three-year amortiza-
9 tion period seems far more reasonable than five years. I don't see how Woon-
10 socket can go without a rate increase for five years and still meet its bond cove-
11 nants.

12
13 Q: You indicated that Woonsocket is willing to accept moving the new RICWFA debt
14 from debt service to IFR as suggested by the Division, but the reduction in IFR is
15 unacceptable. Please explain this.

16 A: The Division has proposed moving the debt service on these new bonds into the
17 IFR line item, but they have not increased the allowance for IFR. While it is true
18 that the bulk of this bond issue is related to approved IFR programs, there was cer-
19 tainly no intention to reduce the amount available for annual IFR spending as a re-
20 sult of this bond issue. The effect of the Division's proposal is to reduce the amount
21 that Woonsocket has available for IFR spending from the proposed \$825,000 per
22 year to \$675,000 per year!

23 I believe the language and legislative intent of Rhode Island's Comprehensive
24 Clean Water Infrastructure Act of 1993 was clear. The State's water utilities are re-
25 quired to prepare and file their Infrastructure Plans where they are subject to review
26 and comment by several state agencies, including the Division. I do not believe the
27 Division offered any comments on Woonsocket's Plan that would reduce the IFR
28 funding in that Plan. Section 46-15.6-5(d) requires each water supplier to imple-
29 ment its infrastructure program. Section 46-15.6-6(e) requires the Commission to
30 permit rate increases for just and reasonable infrastructure replacement. As best I

1 know, no one from the Division or Commission has ever suggested that any part of
2 Woonsocket's approved IFR plan contains components or elements that are not
3 needed, just, or reasonable.
4

5 Q: What is the amount of IFR costs in Woonsocket's approved IFR Plan for the first
6 five years?

7 A: As shown in response to Division Data Request 1-24 Woonsocket's approved IFR
8 Plan includes nearly \$16 million of IFR expenses in years 1-5. We are approaching
9 year 5 of that plan and Woonsocket is still in excess of \$6 million short in what it has
10 had available for these expenses. In the last docket Woonsocket was provided an-
11 nual IFR funding of \$650,605 or about \$2.6 million in four years. The recent bond
12 issue provided about \$9.7 million for IFR projects (the balance of the proceeds paid
13 for issuance costs), but some \$2 million of this was for storage tanks that were not
14 included in the original \$16 million plan. Woonsocket does not have funding in
15 place for more than \$6 million of the approved IFR plan. Certainly part of this short-
16 fall is due to the lack of requests for funding, but now that Woonsocket is seeking to
17 increase that funding I believe it is imperative that the Commission honor those re-
18 quests and not cut the funding more as suggested by the Division.
19

20 Q: How does Woonsocket's IFR request compare to similar utilities in Rhode Island?

21 A: I believe the funding that has been provided and is requested in this docket is below
22 other similar, regulated water utilities in the State. Pawtucket's current rate filing in-
23 cludes about \$2.6 million out of a total request of \$14.4 million (18.5%), and Kent
24 County has about \$3.4 million in IFR spending out of approximately \$14 million in
25 total authorized revenues (25%). At present, Woonsocket is authorized \$650,605 or
26 13% of the \$4.83 million it was authorized. In this case Woonsocket is seeking to
27 increase this to \$1.15 million or about 20% of its authorized revenues from IFR, an
28 amount in line with the others. The Division's proposal would provide less than 16%
29 - less than the other similar regulated utilities in Rhode Island.
30

1 Q: It seems you are now seeking more in IFR funding than in the original filing. Is that
2 true?

3 A: Yes, as explained in our response to Division Data Request 1-24, we restricted the
4 request in our original filing to stay below a 25% increase in order to make an ab-
5 breviated filing in the hope of getting much needed rate relief faster that is typically
6 available under a general rate filing. We noted that if particular item was reduced
7 that we needed the IFR line item increased to get closer to the spending level in the
8 approved IFR plan. By moving the debt service on the RICWFA from the debt to
9 the IFR line item, this increased the request to \$800,605. We would like to increase
10 the annual amount available to \$1 million. When the \$150,000 of debt is added it
11 brings the total request to \$1.15 million.

12 By providing the \$1 million in annual funding it will also allow Woonsocket to make
13 the higher debt service payments on the RICWFA bonds in 2005 and 2006 if addi-
14 tional rate relief is not implemented in time. As I noted earlier, the debt service on
15 these bonds will increase from \$150,000 in 2004 (the Rate Year) to over \$700,000
16 in year starting July 1, 2005. In the absence of revenue collections from new rates
17 (the Commission is certainly aware of the lag in revenue collections from the time of
18 a rate filing to actual realization of new revenues), this would leave only \$450,000 in
19 annual IFR expenses.

20
21 Q: You have discussed the IFR revenue shortfall in the first five years of Woonsocket's
22 approved IFR program, does the funding deficiency get any better in years 6
23 through 10?

24 A: Unfortunately it does not. As shown in the response to Division 1-24 the total IFR
25 cost in the second five-year period is over \$30 million. While \$19 million is for a
26 new treatment facility, the debt on bonds for this project will be close to \$2 million
27 per year. The existing RICWFA bonds carry annual debt of about \$700,000 per
28 year that would result in total IFR debt of about \$2.7 million. The remaining \$11 mil-
29 lion of IFR projects in years 6-10 will also have to be funded. If funded from current

1 rates the annual amount would be about \$2 million for total IFR requirements of
2 some \$4.7 million per year.

3 I understand that the debt service on bonds for the new treatment facility would not
4 all come at once in year six, however it seems clear that the level of IFR funding
5 that Woonsocket will need is far in excess of the \$825,000 suggested by the Divi-
6 sion or the \$1.15 that we are now seeking. In order to phase this increase in, I be-
7 lieve it is necessary to provide more realistic IFR funding for Woonsocket in order to
8 avoid severe rate shock in the coming years.

9
10 Q: You indicated you are in agreement with the Division's position on light and power
11 costs. Please explain.

12 A: The Division has recommended setting this item at the current levels as there is no
13 increase through December of this year and any increase for the remainder of the
14 rate year is not known and measurable. We agree that this is not known at this
15 time. Although we are confident that there will be an increase in power costs we
16 cannot quantify it. We chose an abbreviated filing where only known and measur-
17 able adjustments are allowed and feel we must abide by the Commission's regula-
18 tions for an abbreviated filing. We acknowledge that any increase in this line item
19 will need to come from the requested operating reserve.

20
21 Q: You have mentioned several items where Woonsocket will have to make up ex-
22 pected deficits from the operating reserve. Can you go over these again?

23 A: I believe Woonsocket will have expenses greater than those presented for the rate
24 year in a number of instances. We have not requested any inflationary adjustments
25 per the Commission's rules, but fully expect that items such as the power, education
26 (the NEWWA Board has recently approved increases in training costs), general
27 maintenance, heating, supplies, and clothing and footwear allowances (increases
28 are in the contract but fall short of the allowed adjustments in the Commission's
29 rules) will all occur. In addition, we had hoped that the abbreviated filing might allow
30 new rates to be in place in time to realize a significant amount of the increased

1 revenue this year. We are now into the rate year, and it appears that new rates will
2 not be authorized in time to provide relief for the bulk of this year, resulting in further
3 revenue shortfalls.

4
5 Q: The Division has recommended reducing the operating reserve allowance to 1%, in
6 part based on the Commission's decision in the NBC case. Will you comment on
7 this?

8 A: I believe the Division's position in the recent NBC case was to set the operating re-
9 serve allowance to 1.5% of the operating expenses and excluding the 1.5% on the
10 NBC debt because the NBC bonds had a debt service reserve fund. While the most
11 recent Woonsocket bonds (RICWFA) do include such a reserve, the other bonds do
12 not. The RICWFA debt represents \$150,000 out of a total debt requirement of
13 nearly \$913,000 or only 16% of the debt. I do not believe the two situations are at
14 all analogous.

15 The Division recommendation would provide just under \$52,000 for the operating
16 reserve allowance. They recommend an overall increase in revenues of some
17 \$631,000 in this docket. Considering that the actual revenues that may be realized
18 this year due to an increase may only be half that amount, this will leave Woon-
19 socket Water a revenue shortfall in excess of \$300,000 even if we accept all the Di-
20 vision's proposed adjustment. The provision of an operating reserve of only
21 \$52,000 or 1% will ensure that Woonsocket has a deficit this year, and provides no
22 cushion for the following year. An increase of personnel costs in fiscal year 2005 of
23 3% would eat up almost all the operating reserve suggested by the Division.

24 While I do not believe the 1.5% operating reserve allowance we have requested will
25 avoid this shortfall, it will certainly lessen the impact. Woonsocket Water has been
26 operated in an efficient manner. We have not asked for an exorbitant rate increase,
27 seeking adjustments to relatively few items that are known and measurable. I do
28 not believe they should be punished by reducing the operating reserve allowance
29 that has typically been authorized by the Commission, particularly given the circum-
30 stances in this docket.

1
2 Q: Woonsocket also does not agree with the Division's position on current revenues
3 and water sales. Can you discuss this?

4 A: The Division has recommended an increase in residential water sales over the test
5 year values. Mr. Bell has looked at the residential sales for the period 1997 – 2002.
6 He has taken an average after excluding 2000 (a high year) and 2002 (a year he
7 characterized as "somewhat low"). Certainly the residential sales in 2000 appear to
8 be abnormally high, but I disagree that the test year sales were low – to me they
9 appear to be in line with the other years.

10 Using the average of 1997, 1998, 1999, and 2001 the Division derived an average
11 of 1,146,250 HCF that they recommend in this Docket. I don't believe that the test
12 year was unreasonably low. As a percentage, the use in 1998 is farther from Mr.
13 Bell's average than the test year and should have been excluded before the test
14 year was. The use per customer in both 1998 and 2000 are much higher than the
15 other years. If we use the Division's logic of averaging and exclude the unusual
16 years, we should average 1997, 1999, 2001, and 2002. This yields an average
17 residential use of 1,126,951 HCF as compared to the Division's 1,146,250 and is
18 closer to Woonsocket's proposed 1,111,957.

19 Despite an increase in the number of customers each year, the residential water
20 sales have continued to drop every year since 1998 with the one exception in 2000.
21 The HCF per customer has dropped from 145 in 1998, to 138 in 1999, to 137 in
22 2001, and to 134 in 2002. Following this trend would suggest a further drop in 2003
23 and 2004, yet we have not sought such an adjustment.

24
25 Q: What does Woonsocket recommend?

26 A: I am very leery of using averages to derive sales for rate purposes, particularly for a
27 utility that is in the financial condition of Woonsocket. In effect it destines one to be
28 right half the time and wrong half the time. While it may be wonderful for a baseball
29 hitter, Woonsocket Water cannot afford the luxury of batting .500. It is in a deficit
30 situation now. As I discussed, it will continue this year and probably next. While I

1 agree that much of the fault is our own doing by not seeking increases sooner, I
2 also suggest that the Commission can help alleviate this problem by not destining
3 us to only bat .500.

4 I further believe that the abbreviated filing rules require the filing to include test year
5 values that are only adjusted for known and measurable changes. As I have dis-
6 cussed in this testimony, there are a number of expense areas where we are certain
7 that costs will increase over the test year amounts from two years ago, but we have
8 not asked for adjustments because they are not known or measurable. Similarly,
9 we have not asked for changes to the test year sales values except where they
10 were known and measurable in the case of the industries that have shut down. The
11 adjustment proposed by the Division is not known and measurable and should not
12 be allowed. We recommend that the Commission accept our sales values as ad-
13 justed for the lost industries.

14
15 Q: How does Woonsocket's request in this Docket compare to the amount provided in
16 Docket 2904?

17 A: In the last docket Woonsocket was granted total revenues of \$4,831,148. We are
18 now requesting \$5,740,120 or an 18.8% increase in revenues. The increase in
19 rates we are seeking is a higher percentage because Woonsocket has been losing
20 customers and sales. The Division's proposal would only provide an 8.6% increase
21 over the revenues granted in the last Docket.

22
23 Q: You have mentioned the timing of new rates several times. Can you expand on
24 this?

25 A: In preparing this case we first came up with revenue requirements that were in ex-
26 cess of 25%. This included more realistic funding of the IFR account as well as tak-
27 ing account of inflationary adjustments. However, we recognized that Woonsocket
28 was in need of rate relief quickly. We made a conscious decision to try to get faster
29 relief under the abbreviated filing rules by eliminating the inflationary adjustments
30 and reducing the request for IFR funding. It was our hope that by confining the filing

1 to only a few known and measurable adjustments to the test year expenses that we
2 could implement new rates faster albeit at levels lower than we needed.

3 While the process has not moved more quickly as we hoped, we ask that the Com-
4 mission allow for the earliest implementation as possible.

5
6 Q: What is the total increase you are now seeking?

7 A: We believe that we have demonstrated a need to recover expenses of \$5,655,290
8 plus an operating reserve of \$84,829 for a total allowance of \$5,740,120. At the ad-
9 justed test year sales this results in an increase of rate revenues of 26.5%. I recog-
10 nize that this is in excess of our original filing that requested \$5,646,330 and that
11 this is in excess of the 25% increase limit allowed by the Commission under its ab-
12 breviated filing rules. Because I believe we have demonstrated a need that is in ex-
13 cess of the original filing, we ask the Commission to authorize an increase up to that
14 we had originally asked for and is within the rules for an abbreviated filing. If it is
15 necessary to quantify a reduction in some account to achieve this, we reluctantly
16 suggest that the IFR amount be adjusted.

17
18 Q: Can you discuss the impact of the recent fire in Woonsocket?

19 A: This fire could not have come at a worse time for Woonsocket Water. It destroyed
20 several properties that will result in a further erosion of revenues. The sales to
21 these three customers last year were:

- 22 – Consolidated Real Estate: 44,571 HCF
- 23 – Florence Drive LLC: 2,070 HCF
- 24 – ACS Industry: 18,960 HCF.

25 In total these three customers represented \$126,610 of annual revenues at the cur-
26 rent rates and 3.7% of the total sales volume.

27 Because this fire was after the original filing we are asking that the Commission also
28 take this into account in determining the proper rates for Woonsocket Water. We
29 request that the Commission provide an additional 3% emergency increase in all
30 rates and charges to account for this unforeseen loss.

1

2 Q: Does this conclude your rebuttal testimony?

3 A: Yes it does.

REVENUE REQUIREMENTS

	Test Year - 6/30/02	<----- Adjustments to Test Year Values ----->				Rate Year - 6/30/2004
		A	B	C	D	
Personnel Costs						
Permanent Services	\$893,457	\$186,124		0		\$1,079,581
Long Term Worker's Comp	0			0		\$0
Temporary Labor	15,191			0		\$15,191
Overtime Pay	142,182	14,517		0		\$156,699
Out Of Class Pay	901	92		0		\$993
Longevity Pay	25,409	14,514		0		\$39,923
Medical Buy Back	2,000	2,000		0		\$4,000
Sick Leave Reimbursement	16,718			0		\$16,718
Comp Time Reimbursement	501			0		\$501
Non-sick/Injury Bonus	1,500			0		\$1,500
Bonus for Course	14,500	4,655		0		\$19,155
Shift Differential	9,756	1,989		0		\$11,745
Subtotal	\$1,122,115	\$223,891	\$0	\$0	\$0	\$1,346,006
Maintenance & Servicing						
Postage	10,750		949	0		\$11,699
Telephone	36,152		0	0		\$36,152
Dues & Subscriptions	1,370			0		\$1,370
Advertising	2,942			0		\$2,942
Travel Within City	0			0		\$0
Travel Out of City	1,999		301	0		\$2,300
Education Training	9,553		0	0		\$9,553
Printing & Reproducing	10,827		0	0		\$10,827
General Maint. & Upkeep	62,866			0		\$62,866
Vehicle & Outside Equip. Upkeep	11,598			0		\$11,598
Maintenance - Office Equipment	2,228			0		\$2,228
Maintenance - Roads & Walks	77,679		73,007	0		\$150,686
Computer Software	1,081			0		\$1,081
Rental - Vehicles & Outside Equip.	0			0		\$0
Land Rental Charges	2,043			0		\$2,043
Other Rentals	1,500			0		\$1,500
Heating	10,675			0		\$10,675
Light & Power	202,331		0	0		\$202,331
Property & Fire Tax	138,124		29,574	0		\$167,698
Sewer Assessment	88,487		22,767	0		\$111,254
State Pollution Monitoring Prgm	16,917			0		\$16,917
Regulatory Assessments	25,290			0		\$25,290
Conservation Services	0		1,135	0		\$1,135
Police Details	8,423			0		\$8,423
Other Independent Service	10,729		-3,700	0		\$7,029
Medical Exams	166		306	0		\$472
Audit Service	6,532			0		\$6,532
Engineering Service	61,943			0		\$61,943
Subtotal	\$802,205	\$0	\$124,338	\$0	\$0	\$926,543

REVENUE REQUIREMENTS

	Test Year - 6/30/02	<----- Adjustments to Test Year Values ----->				Rate Year - 6/30/2004
		A	B	C	D	
Operating Supplies				0		
Office Supplies & Expenses	3,991			0		\$3,991
Gas & Diesel Fuel	9,202		5,798	0		\$15,000
Tires & Batteries	1,899		796	0		\$2,695
Chemicals For Water Supply	213,884			0		\$213,884
Tools & Implements	1,724			0		\$1,724
Cleaning & Housekeep. Supplies	2,937			0		\$2,937
Other Supplies	80,355			0		\$80,355
Lab Supplies	22,094		2,906	0		\$25,000
Clothing & Footwear - Crew	6,855		0	0		\$6,855
Medical Supplies	689		1,714	0		\$2,403
Clothing Allowance	3,467		0	0		\$3,467
Subtotal	\$347,097	\$0	\$11,214	\$0	\$0	\$358,311
General Charges						
Fiscal Certification	4,488			0		\$4,488
Pensions	0	26,786		0		\$26,786
FICA/Medicare Employer Cost	85,857	17,112		0		\$102,969
City Services Charge	265,022		0	0		\$265,022
Insurance - Vehicles	19,282		2,806	0		\$22,088
Insurance - Worker's Comp.	57,306		7,261	0		\$64,567
Insurance - Liability	69,457		10,688	0		\$80,145
Insurance - Group Life	5,528		697	0		\$6,225
Health Insurance	252,512		86,692	0		\$339,204
Dental Insurance	20,612		4,943	0		\$25,555
Restricted Accounts						
Renewal & Replacement Fund	200,000				-50,000	\$150,000
Rate Case Expense	20,000				0	\$20,000
IFR	650,605				499,395	\$1,150,000
Chemicals - Net				----- see above -----		\$0
Debt Service	919,241				-156,553	\$762,688
Claims	4,693					\$4,693
Subtotal	\$2,574,603	\$43,898	\$113,087	\$0	\$292,842	\$3,024,430
TOTAL EXPENSES	\$4,846,020	\$267,789	\$248,639	\$0	\$292,842	\$5,655,290
Plus Operating Reserve	15,703					\$84,829
Less Misc. Income						
New Services & Repairs	-64,194		-18,564			-\$82,758
Misc. Income	0		0			\$0
Interest on Bills	-85,049					-\$85,049
Interest on Investments	-28,382		17,041			-\$11,341
Other	0					\$0
Total Net Revenue Requirement	\$4,684,098	\$267,789	\$247,116	\$0	\$292,842	\$5,560,971

Explanation of Adjustments to Test Year Expenses

Adjustment A - Labor Increases

This adjustment reflects the increase in salary and wage costs from the test year to the rate year based on labor agreement from 7-1-2002 through 6-30-2005

			<u>Salary</u>		<u>Longevity</u>		<u>Course</u>
	<u>Test Year</u>	<u>Rate Year</u>	<u>Test Year</u>	<u>Rate Year</u>	<u>Percent</u>	<u>Rate Year</u>	<u>Bonus</u>
Water Div. Superint.	1	1	\$58,275	\$64,298	6.0%	3,858	1,044
Asst Water Superint.	1	1	49,890	55,045	5.0%	2,752	1,044
Public Works Acct Clerk	1	1	21,952	24,219	5.0%	1,211	0
Principal Clerk Typist	1	1	23,873	26,339	0.0%	0	0
Plant Equip Operator	1	1	29,876	32,963	4.0%	1,319	887
Water Works Clerk	1	1	21,952	24,219	4.5%	1,090	0
Chemist/Bacteriologist	1	1	39,595	42,006	4.0%	1,680	0
Water Div. Engineer	0	0	0	0	0.0%	0	0
Engineering Aide	1	1	30,922	34,588	4.5%	1,556	835
WTP Oper.	7	8	209,622	264,322	mixed	14,538	7,099
Water Foreperson	1	1	28,564	33,223	0.0%	0	887
Sr. Water Foreperson	1	1	35,038	38,659	4.5%	1,740	887
Utility Person	4	4	99,414	114,367	0.0%	0	1,879
Meter Foreperson	1	1	26,453	28,063	5.5%	1,543	470
Meter Reader/Repair	4	3	98,536	78,401	mixed	3,528	1,409
Heavy Equip Operator	2	2	54,704	60,356	0.0%	0	940
Plant Maint. Master Mechanic	1	1	35,577	39,253	5.5%	2,159	887
Water Supply Inspector	1	1	25,133	27,731	4.5%	1,248	887
Managerial Accountant	1	1	40,081	42,531	4.0%	1,701	0
Data Entry Operator	1	1	21,919	23,562	0.0%	0	0
Senior Water Div. Acct. Clerk	1	1	23,054	25,436	0.0%	0	0
Total	33.0	33.0	\$974,430	\$1,079,581		\$39,923	\$19,155

FICA Employer Cost based on 7.65% of personnel cost, Pensions based on 1.99% of personnel cost.

Medical Buy-back increased from 1 employee in test year to 2 employees in rate year

Overtime pay and out-of-class pay were invreased from the Test Year amounts by 7% for FY 03 and 3% for FY 04 (Rate year) per contract

Shift differentials based on contract requirements and experience in second half of calendar year 2002

Explanation of Adjustments to Test Year Expenses

Adjustment B - Known & Measurable Changes

This Adjustment is applied to various items as discussed below that represent normalization adjustments or known and measurable changes.

Postage

Postage for the rate year is estimated as follows:

Test Year Amount			\$10,750
Postal Increase (\$0.34 to \$0.37)			949
Plus:			
Rate Increase Notification	9,500	\$0.00	0 per Division testimony
Total			\$11,699
Increase Over Test Year =			\$949

<u>Telephone</u>	<u>6 month Actual</u>	<u>Annual</u>
Wireless (\$600/mo)	\$3,600	\$7,200
Wireline Comm (\$1350/mo)	\$8,100	\$16,200
Pagers	\$194	\$388
Security Circuits (8@\$31.63/mo)	\$1,518	\$3,036
SCADA Circuits (\$526/mo)	3,156	\$6,312
City Intranet (\$499/mo)	2,994	\$5,988
Total		<u>\$39,124</u>
Increase over TY		\$2,972

Printing & Reproduction

Cost of notifications = \$700

Travel Out of City

Rate year includes allowance for travel to AWWA (5 days) and NEWWA Annual Conferences (4 days)

9 days with meals & lodging at	\$200	\$1,800
Airfare to AWWA		\$500
Total Rate Year =		\$2,300
Increase over Test Year =		\$301

Education Training

NEWWA is increasing the cost of training programs b 5.0%

Maintenance - Roads & Walks

Costs for 5 months (July - Nov) = \$46,629 Annual = \$150,686 actual per Div 1-32
Increase over test year = \$73,007

Land Rental

These represent charges from the P&W Railroad - rate year amount represents the most current charge.

Heating

Cost through Jan (4 months heating) = \$7,884
Cost for Feb - Apr \$5,913
Total \$13,797
Change from TY = \$3,122

Explanation of Adjustments to Test Year Expenses

Light & Power

Test year	\$202,331
Adjustment	\$0
Rate Year	\$202,331
Change from TY =	\$0

Property & Fire Tax

Property taxes based on FY 2003 actuals which = \$167,698 Adjustment = \$29,574

Sewer Assessment

	Annual
Total	\$111,254 per Division
Change from TY =	\$22,767

Conservation Services

Cost from Niagra Conservation to replenish conservation kits = \$1,135

Other Independ. Services

Based on 7 months of FY 2003 (\$4100) annual cost = \$7,029
Adjustment (\$3,700)

Medical Examinations

Increase in number of exams \$60/person - 8 people \$472 Increase = \$306

Gas & Diesel Fuel

City did not bill in test year, annual costs typically \$15,000 Adjustment = \$5,798

Tires & Baateries

Based on year to date annual = \$2,695 Adjustment \$796

Lab Supplies

Based on Current year budget of \$25,000 - through end Jan 2003 spent \$21,000

Clothing & Footwear

	Change from TY
Footwear allowance increased \$25 for 26 employees	\$650
Clothing allowance increased \$75 for 4 employees	\$300

Medical Supplies

Based on 7 month actual, annual cost \$2,403 change = \$1,714

City Services Charge

Much of this charge is employee related. Accordibgly, the test year costs were increased to reflect salary increases for employees at an annual rate of 3% for two years

Test Year Amount =	\$265,022
Increase over Test Year =	\$16,140

Insurance Costs

All insurance costs are based on FY 2003 actual costs and increased based on Finance Dept information

Vehicles	-0.4% per quote from Keough Kirby
Worker's Comp	2.4% per quote from Keough Kirby
Liability	0.3% per quote from Keough Kirby
Health	12.6% per Finance Director
Delta Dental	4.0% per Finance Director

Misc Revenues

Services & Extensions and Misc. Income increased with proposed fee increase equal to overall request
Interest on Bond proceeds in TY = \$17,041 deducted in rate year as bond funds spent.

Explanation of Adjustments to Test Year Expenses

Adjustment C - Attrition Allowance

For all items not adjusted to the rate year elsewhere, an attrition allowance has been applied at an annual increase of 0.00%, or 0.00% compounded over 2 years.

Adjustment D - Restricted Accounts

RESTRICTED RECEIPT ACCOUNT ACTIVITY IN TEST YEAR

	<u>R&R</u>	<u>Chemicals</u>	<u>Debt</u>	<u>Rate Case</u>	<u>IFR</u>
Beginning Balance	419,716	485,567	152,343	197,396	953,081
Funding (TY)	200,000	213,884	919,241	20,000	650,605
Interest	8,820	9,680	5,058	4,240	20,300
Expenditures	157,379	297,577	1,053,330	17,270	577,800
Ending Balance	471,157	411,554	23,312	204,366	1,046,186

R&R Account

The R&R Account is proposed to be reduced from the current \$200,000 amount to **\$50,000**

Chemicals

No change - test year and rate year expenses exceed funding allowance - balances to be reduced

Debt Service -- Principal & Interest

		<u>Test Year (02)</u>	<u>FY 03</u>	<u>Rate Year (04)</u>	
1988 Bond Issue (\$2,700,000)	Principal Due	\$173,535	\$176,050	\$186,110	
(refinanced 1997)	Interest Due	76,875	69,184	61,033	
	Total Due	\$250,410	\$245,234	\$247,143	
1994 Bond Issue (\$6,400,000)	Principal Due	\$270,000	\$280,000	\$300,000	
	Interest Due	239,615	228,005	215,545	
	Total Due	\$509,615	\$508,005	\$515,545	
RICWFA Bond 2003	Principal Due	\$0	\$0	\$0	Incl in IFR 0
	Interest Due	0	0	0	Incl in IFR 150,000
	Total Due	\$0	\$0	\$0	
Total - All Bond Issues					
Principal Due		\$443,535	\$456,050	\$486,110	
Interest Due		\$316,490	\$297,189	\$276,578	
Total Due		\$760,025	\$753,239	\$762,688	

Summary of Adjustments

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Test Year (restricted amount docket 2904)			\$919,241
Rate Year	\$486,110	\$276,578	\$762,688
Adjustment			(\$156,553)

Rate Case Expense

Estimated Rate Case Expenses are proposed to be paid from the restricted receipts account funded at the following annual level:

Rate Filing	\$30,000	
Testimony, Data Requests, Hearings	20,000	
Division	2,000	
Attorney General	0	
Transcripts, other	8,000	
Total	\$60,000	(To be Paid from Restricted Account)
Cost over three yr. period	\$20,000	(vs. \$20,000 allowed in Docket 2904)
Increase Over Test Year	\$0	None Requested

IFR

Partial Cost of Approved Plan =	\$1,000,000
+ new debt	\$150,000
Total IFR Funding	\$1,150,000
Current Funding Level =	\$650,605
Increase =	\$499,395

UNITS OF SERVICE

Inch-Feet of Pipe

<u>Size (inches)</u>	<u>Feet</u>	<u>In-Ft</u>	<u>% of Total</u>
<u>Distribution</u>			
1.00	1,086	1,086	
1.25	239	299	
1.50	768	1,152	
2.00	3,926	7,852	
2.50	533	1,333	
3	93	279	
4	11,958	47,832	
6	135,287	811,722	
8	319,117	2,552,936	
10	11,918	119,180	54.5%
<u>Transmission</u>			
12	117,641	1,411,692	
14	10,437	146,118	
16	2,418	38,688	
18	18,526	333,468	
20	17,581	351,620	
24	14,460	347,040	
30	10,909	327,270	45.5%
Total	676,897	6,499,566	100.0%

UNITS OF SERVICE

Meters By Size *

Total

Meter Size	Semiannual Accounts	Quarterly Accounts	Total Accounts	Equivalency Ratios	Meter Equivalents	
5/8	7,925	435	8,360	1.0	8,360	
3/4	207	73	280	1.4	397	
1	144	224	368	1.8	647	
1 1/2	1	62	63	3.3	205	1
2	1	124	125	4.6	572	2
3	0	12	12	6.3	76	
4	0	32	32	9.6	307	
6	0	66	66	16.9	1,114	3
8	0	38	38	29.6	1,123	
10	0	1	1	42.4	42	
Totals	8,278	1,067	9,345		12,843	

* As of March 2003, adjusted from Test Year for several large quarterly accounts that have left as follows:

1 Inch	-1	6 inch	-1	5/8 inch	-4
3 Inch	-1	8 inch	-1	1.5 inch	-1

Number of Bills

Metered Water	Total
Quarterly Bills	4,268
Semiannual Bills	16,556
Private Fire	620
Public Fire	3
Total Billings	21,447

UNITS OF SERVICE

Fire Service Data

	Size (inch)	Total Number	Equivalents*
Public Fire Hydrants	4	55	
	6	1,492	
Total		1,547	
Private Sprinklers	2	11	50
	3	5	32
	4	42	403
	6	78	1,316
	8	15	443
	10	4	170
Total		155	2,414
=====			
Grand Totals		1,702	
* Equivalents based on meter equivalents			

Water Use Data

	Million Gal.	100 Cu Ft	
Test Year Production	1,582.680	2,115,882	
TY Wholesale Sales	0.000	0.000	
TY Retail Metered Sales			
Semi-annual	831.744	1,111,957	
Quarterly	559.769	748,354	
Adjustment for Major Accounts			
Seville (Qu)	-11.003	-14,710	
Ocean St. (Mo)	-31.266	-41,800	
Northstar (Qu)	-0.314	-420	
Dorado (Qu)	-0.509	-680	
Cons. Real Es	-33.339	-44,571	
Florence Drive	-1.548	-2,070	
ACS Industry		-18,960	-3.78%
RY Retail Metered Sales			
Semi-annual	831.744	1,111,957	0
Quarterly	467.607	625,143	
Total	1,299.351	1,737,100	

COMPARISON OF CURRENT AND PROPOSED RATES

		<u>Current</u>	<u>New</u>
Public Fire Protection			
	4 inch	\$77.57	\$98.14
	6 inch	\$225.33	\$285.09
	per bill	\$6.27	\$7.93
Private Fire Protection			
	2 inch	\$7.66	\$9.69
	3 inch	\$7.66	\$9.69
	4 inch	\$27.17	\$34.37
	6 inch	\$68.82	\$87.07
	8 inch	\$140.74	\$178.07
	10 inch	\$244.92	\$309.87
Minimum/Service Charges *			
Semiannual	5/8	\$22.15	\$28.02
	3/4	\$28.81	\$36.45
	1	\$34.18	\$43.25
	1 1/2	\$58.00	\$73.38
	2	\$78.89	\$99.81
	3	\$106.68	\$134.97
	4	\$158.52	\$200.56
	6	\$274.22	\$346.95
	8	\$475.62	\$601.76
	10	\$680.18	\$860.58
Quarterly	5/8	\$14.21	\$17.98
	3/4	\$17.54	\$22.19
	1	\$20.23	\$25.60
	1 1/2	\$32.13	\$40.65
	2	\$42.58	\$53.87
	3	\$56.48	\$71.46
	4	\$82.40	\$104.25
	6	\$140.25	\$177.45
	8	\$240.98	\$304.89
	10	\$343.22	\$434.25
Metered Rates			
Wholesale	\$/mg	\$1,962.45	\$2,482.93
Retail	\$/100 cu ft	\$1.93	\$2.44

PROOF OF REVENUES

Revenue Category	Size/Use	Number	Rate	Proposed Revenues	Current Revenues	Dollar Increase	Percent Increase
Public Fire Protection							
	4 inch	55	\$98.14	\$5,398	\$4,266	\$1,131	26.52%
	6 inch	1,492	\$285.09	\$425,354	\$336,192	\$89,162	26.52%
	Bills	3	\$7.93	<u>\$24</u>	<u>\$19</u>	<u>\$5</u>	26.48%
				\$430,776	\$340,478	\$90,298	26.52%
Private Fire Protection							
	2 inch	11	\$9.69	\$426	\$337	\$89	26.50%
	3 inch	5	\$9.69	\$194	\$153	\$41	26.50%
	4 inch	42	\$34.37	\$5,774	\$4,564	1,210	26.52%
	6 inch	78	\$87.07	\$27,166	\$21,472	5,694	26.52%
	8 inch	15	\$178.07	\$10,684	\$8,445	2,240	26.52%
	10 inch	4	\$309.87	<u>\$4,958</u>	<u>\$3,919</u>	<u>1,039</u>	26.52%
				<u>\$49,202</u>	<u>\$38,889</u>	<u>\$10,313</u>	<u>26.52%</u>
Subtotal Fire Protection				\$479,978	\$379,367	\$100,612	26.52%
Service Charges							
Semiannual	5/8	15,850	\$28.02	\$444,117	\$351,078	\$93,040	26.50%
	3/4	414	\$36.45	\$15,090	\$11,927	3,163	26.52%
	1	288	\$43.25	\$12,456	\$9,844	2,612	26.54%
	1 1/2	2	\$73.38	\$147	\$116	31	26.52%
	2	2	\$99.81	\$200	\$158	42	26.52%
	3	0	\$134.97	\$0	\$0	0	---
	4	0	\$200.56	\$0	\$0	0	---
	6	0	\$346.95	\$0	\$0	0	---
	8	0	\$601.76	\$0	\$0	0	---
	10	0	\$860.58	<u>\$0</u>	<u>\$0</u>	<u>0</u>	---
				\$472,010	\$373,122	\$98,887	
Quarterly	5/8	1,740	\$17.98	\$31,285	\$24,725	\$6,560	26.53%
	3/4	292	\$22.19	\$6,479	\$5,122	1,358	26.51%
	1	896	\$25.60	\$22,938	\$18,126	4,812	26.54%
	1 1/2	248	\$40.65	\$10,081	\$7,968	2,113	26.52%
	2	496	\$53.87	\$26,720	\$21,120	5,600	26.51%
	3	48	\$71.46	\$3,430	\$2,711	719	26.52%
	4	128	\$104.25	\$13,344	\$10,547	2,797	26.52%
	6	264	\$177.45	\$46,847	\$37,026	9,821	26.52%
	8	152	\$304.89	\$46,343	\$36,629	9,714	26.52%
	10	4	\$434.25	<u>\$1,737</u>	<u>\$1,373</u>	<u>364</u>	26.52%
				<u>\$209,204</u>	<u>\$165,347</u>	<u>\$43,857</u>	26.52%
Subtotal Service Charge				\$681,214	\$538,470	\$142,744	26.51%
Metered Rates							
Wholesale	mill gal	0	\$2,482.93	\$0.00	\$0	\$0	---
Retail	100 cu ft	1,802,701	\$2.44	<u>\$4,398,590</u>	<u>\$3,479,213</u>	<u>\$919,378</u>	26.42%
Subtotal Metered Rates				<u>\$4,398,590</u>	<u>\$3,479,213</u>	<u>\$919,378</u>	
Total Rates and Charges				\$5,559,782	\$4,397,049	\$1,162,733	26.4435%
Misc. Revenues				<u>176,890</u>	<u>177,625</u>	<u>-735</u>	-0.4140%
Grand Total Revenues				\$5,736,672	\$4,574,674	\$1,161,998	25.4007%
Revenue Required				\$5,740,120			
Difference				-\$3,448	-0.06%		

IMPACT OF PROPOSED RATES
(Annual Water Bill)

	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>\$ Increase</u>	
5/8 inch meter, semiannual 7,000 cu ft/yr	\$179.40	\$226.84	26.44%	\$47	
5/8 inch meter, semiannual 10,000 cu ft/yr	\$237.30	\$300.04	26.44%	\$62.74	\$31.37
5/8 inch meter, semiannual 20,000 cu ft/yr	\$430.30	\$544.04	26.43%	\$114	
1 inch meter, semiannual 50,000 cu ft/yr	\$1,033.36	\$1,306.50	26.43%	\$273	
4 inch meter, quarterly 500,000 cu ft/yr	\$9,979.60	\$12,617.00	26.43%	\$2,637	
6 inch meter, quarterly 1,000,000 cu ft/yr	\$19,861.00	\$25,109.80	26.43%	\$5,249	

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Rate Year</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Expenses</u>				
Personnel Costs	\$1,122,115	\$1,346,006	\$223,891	20.0%
Maintenance & Servicing	\$802,205	\$926,543	\$124,338	15.5%
Operating Supplies	\$347,097	\$358,311	\$11,214	3.2%
General Charges	<u>\$2,574,603</u>	<u>\$3,024,430</u>	<u>\$449,827</u>	17.5%
Subtotal	\$4,846,020	\$5,655,290	\$809,270	16.7%
Plus Operating Reserve	\$15,703	\$84,829	\$69,126	440.2%
Revenue Required	\$4,861,723	\$5,740,120	\$878,397	18.1%
<u>Revenues</u>				
Public Fire Protection	\$340,478	\$430,776	\$90,298	26.5%
Private Fire Protection	\$38,889	\$49,202	\$10,313	26.5%
Service Charges	\$538,470	\$681,214	\$142,744	26.5%
Metered Rates	\$3,479,213	\$4,398,590	\$919,378	26.4%
Misc. Revenues	<u>\$177,625</u>	<u>\$176,890</u>	<u>(\$735)</u>	-0.4%
Total Revenue	\$4,574,674	\$5,736,672	\$1,161,998	25.4%

COMPARISON OF CURRENT AND PROPOSED RATES

		<u>Current</u>	<u>New</u>
Public Fire Protection			
	4 inch	\$77.57	\$101.01
	6 inch	\$225.33	\$293.43
	per bill	\$6.27	\$8.16
Private Fire Protection			
	2 inch	\$7.66	\$9.97
	3 inch	\$7.66	\$9.97
	4 inch	\$27.17	\$35.37
	6 inch	\$68.82	\$89.62
	8 inch	\$140.74	\$183.28
	10 inch	\$244.92	\$318.93
Minimum/Service Charges *			
Semiannual	5/8	\$22.15	\$28.84
	3/4	\$28.81	\$37.52
	1	\$34.18	\$44.51
	1 1/2	\$58.00	\$75.53
	2	\$78.89	\$102.73
	3	\$106.68	\$138.92
	4	\$158.52	\$206.42
	6	\$274.22	\$357.09
	8	\$475.62	\$619.35
	10	\$680.18	\$885.73
Quarterly	5/8	\$14.21	\$18.50
	3/4	\$17.54	\$22.84
	1	\$20.23	\$26.34
	1 1/2	\$32.13	\$41.84
	2	\$42.58	\$55.45
	3	\$56.48	\$73.55
	4	\$82.40	\$107.30
	6	\$140.25	\$182.63
	8	\$240.98	\$313.80
	10	\$343.22	\$446.94
Metered Rates			
Wholesale	\$/mg	\$1,962.45	\$2,555.50
Retail	\$/100 cu ft	\$1.93	\$2.51

PROOF OF REVENUES

Revenue Category	Size/Use	Number	Rate	Proposed Revenues	Current Revenues	Dollar Increase	Percent Increase
Public Fire Protection							
	4 inch	55	\$101.01	\$5,556	\$4,266	\$1,289	30.22%
	6 inch	1,492	\$293.43	\$437,798	\$336,192	\$101,605	30.22%
	Bills	3	\$8.16	\$24	\$19	\$6	30.14%
				\$443,378	\$340,478	\$102,900	30.22%
Private Fire Protection							
	2 inch	11	\$9.97	\$439	\$337	\$102	30.16%
	3 inch	5	\$9.97	\$199	\$153	\$46	30.16%
	4 inch	42	\$35.37	\$5,942	\$4,564	1,378	30.20%
	6 inch	78	\$89.62	\$27,961	\$21,472	6,490	30.22%
	8 inch	15	\$183.28	\$10,997	\$8,445	2,552	30.22%
	10 inch	4	\$318.93	\$5,103	\$3,919	1,184	30.22%
				<u>\$50,641</u>	<u>\$38,889</u>	<u>\$11,752</u>	<u>30.22%</u>
Subtotal Fire Protection				\$494,019	\$379,367	\$114,652	30.22%
Service Charges							
Semiannual	5/8	15,850	\$28.84	\$457,114	\$351,078	\$106,037	30.20%
	3/4	414	\$37.52	\$15,533	\$11,927	3,606	30.23%
	1	288	\$44.51	\$12,819	\$9,844	2,975	30.22%
	1 1/2	2	\$75.53	\$151	\$116	35	30.22%
	2	2	\$102.73	\$205	\$158	48	30.22%
	3	0	\$138.92	\$0	\$0	0	---
	4	0	\$206.42	\$0	\$0	0	---
	6	0	\$357.09	\$0	\$0	0	---
	8	0	\$619.35	\$0	\$0	0	---
	10	0	\$885.73	\$0	\$0	0	---
				\$485,823	\$373,122	\$112,700	
Quarterly	5/8	1,740	\$18.50	\$32,190	\$24,725	\$7,465	30.19%
	3/4	292	\$22.84	\$6,669	\$5,122	1,548	30.22%
	1	896	\$26.34	\$23,601	\$18,126	5,475	30.20%
	1 1/2	248	\$41.84	\$10,376	\$7,968	2,408	30.22%
	2	496	\$55.45	\$27,503	\$21,120	6,384	30.23%
	3	48	\$73.55	\$3,530	\$2,711	819	30.22%
	4	128	\$107.30	\$13,734	\$10,547	3,187	30.22%
	6	264	\$182.63	\$48,214	\$37,026	11,188	30.22%
	8	152	\$313.80	\$47,698	\$36,629	11,069	30.22%
	10	4	\$446.94	\$1,788	\$1,373	415	30.22%
				<u>\$215,304</u>	<u>\$165,347</u>	<u>\$49,957</u>	<u>30.21%</u>
Subtotal Service Charge				\$701,127	\$538,470	\$162,657	30.21%
Metered Rates							
Wholesale	mill gal	0	\$2,555.50	\$0.00	\$0	\$0	---
Retail	100 cu ft	1,737,100	\$2.51	<u>\$4,360,121</u>	<u>\$3,352,603</u>	<u>\$1,007,518</u>	30.05%
Subtotal Metered Rates				<u>\$4,360,121</u>	<u>\$3,352,603</u>	<u>\$1,007,518</u>	
Total Rates and Charges				\$5,555,267	\$4,270,439	\$1,284,827	30.0865%
Misc. Revenues				<u>179,148</u>	<u>177,625</u>	<u>1,523</u>	0.8577%
Grand Total Revenues				\$5,734,415	\$4,448,064	\$1,286,351	28.9193%
Revenue Required				\$5,740,120			
Difference				-\$5,705	-0.10%		

IMPACT OF PROPOSED RATES
(Annual Water Bill)

	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>	<u>\$ Increase</u>	
5/8 inch meter, semiannual 7,000 cu ft/yr	\$179.40	\$233.38	30.09%	\$54	
5/8 inch meter, semiannual 10,000 cu ft/yr	\$237.30	\$308.68	30.08%	\$71.38	\$35.69
5/8 inch meter, semiannual 20,000 cu ft/yr	\$430.30	\$559.68	30.07%	\$129	
1 inch meter, semiannual 50,000 cu ft/yr	\$1,033.36	\$1,344.02	30.06%	\$311	
4 inch meter, quarterly 500,000 cu ft/yr	\$9,979.60	\$12,979.20	30.06%	\$3,000	
6 inch meter, quarterly 1,000,000 cu ft/yr	\$19,861.00	\$25,830.52	30.06%	\$5,970	

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Rate Year</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Expenses</u>				
Personnel Costs	\$1,122,115	\$1,346,006	\$223,891	20.0%
Maintenance & Servicing	\$802,205	\$926,543	\$124,338	15.5%
Operating Supplies	\$347,097	\$358,311	\$11,214	3.2%
General Charges	<u>\$2,574,603</u>	<u>\$3,024,430</u>	<u>\$449,827</u>	17.5%
Subtotal	\$4,846,020	\$5,655,290	\$809,270	16.7%
Plus Operating Reserve	\$15,703	\$84,829	\$69,126	440.2%
Revenue Required	\$4,861,723	\$5,740,120	\$878,397	18.1%
<u>Revenues</u>				
Public Fire Protection	\$340,478	\$443,378	\$102,900	30.2%
Private Fire Protection	\$38,889	\$50,641	\$11,752	30.2%
Service Charges	\$538,470	\$701,127	\$162,657	30.2%
Metered Rates	\$3,352,603	\$4,360,121	\$1,007,518	30.1%
Misc. Revenues	<u>\$177,625</u>	<u>\$179,148</u>	<u>\$1,523</u>	0.9%
Total Revenue	\$4,448,064	\$5,734,415	\$1,286,351	28.9%